



'Gold' and 'Platinum' Cards



Federal Trade Commission
Bureau of Consumer Protection
Office of Consumer & Business Education
(202) FTC-HELP www.ftc.gov

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If you're looking for credit, be wary of some 'gold' or 'platinum' card offers promising to get you credit cards or improve your credit rating.

While sounding like general-purpose credit cards, some 'gold' or 'platinum' cards permit you to buy merchandise only from specialized catalogues. Marketers of these credit cards often promise that by participating in their credit programs, you will be able to get major credit cards (such as an unsecured Visa or MasterCard), lines of credit from national specialty and department stores, better credit reports, and other financial benefits.

Rarely, however, can you improve your credit rating or get major credit cards by buying 'gold' or 'platinum' credit cards. Often the only major credit card you might get is a secured credit card that requires a substantial security deposit with a bank. In addition, many of these credit-card offerors do not report to credit bureaus as they promise, and their cards seldom help secure lines of credit with other creditors.

Such 'gold' and 'platinum' credit-card offers usually are promoted through television or newspaper advertisements, direct mail, or telephone solicitations using automatic dialing machines and recorded messages. People who live in lower-income areas often are the target of these sales pitches.

Watch Out For...

Be wary of 'gold' and 'platinum' card promotions that:

✓ **Charge upfront fees, without saying there may be additional costs.**

Some 'gold' or 'platinum' card promoters charge \$50 or more for their cards. Only after you agree to pay this fee are you told there's an additional fee, sometimes \$30 or more, to get the merchandise catalogues. Yet, these catalogues are the only places you can use the cards.

✓ **Use '900' or '976' telephone exchanges.**

Ads for 'gold' and 'platinum' cards may urge you to call numbers with '900' or '976' exchanges for more information. You pay for phone calls with these prefixes — even if you never get the 'gold' or 'platinum' card. The cost for these calls can be high.

✓ **Misrepresent prices and payments for merchandise.**

You're not allowed to charge the total amount when you buy merchandise from 'gold' or 'platinum' card catalogues. Instead, you often must pay a cash deposit on each item you charge — an amount usually equal to what the company paid for the product. Only after you pay your deposit can you charge the balance. Also, catalogue prices can be much higher than discount store prices.

✓ **Promise to easily get you "better credit."**

Marketers of 'gold' and 'platinum' cards often claim it's easy to get major credit cards after using their cards for a few months. In fact, the only major cards you usually can get through these marketers are secured. A secured card requires you to open and maintain a savings account as security for your line of credit. The required deposit may range from a few hundred to several thousand dollars. Your credit line is a percentage of the deposit, typically 50 to 100 percent.

How To Protect Yourself

Follow these precautions to avoid becoming a victim of 'gold' and 'platinum' card scams:

✓ **Think twice about any offer to get "easy credit."**

Be skeptical of promises to erase bad credit or to secure major credit cards regardless of your past credit problems. There are no "easy" solutions to a poor credit rating that's based on accurate information. Only time and good credit habits will restore your credit worthiness.

✓ **Investigate an offer before enrolling.**

Contact your local Better Business Bureau, consumer protection agency, or state Attorney General's office to see if any complaints have been filed against a particular promoter of 'gold' or 'platinum' cards.

If a marketer promises that a card is accepted at certain retail chains, verify it with the stores.

If a marketer assures you that reliable information about you will be reported to credit bureaus, call the bureaus to confirm that the merchant is a member. Unless 'gold' or 'platinum' card merchants are subscribers to credit bureaus, they won't be able to report information about your credit experience.

✓ **Be cautious about calling '900' or '976' telephone numbers.**

Calls to numbers with '900' or '976' prefixes cost money. Don't confuse these exchanges with toll-free '800' numbers. If you dial a pay-per-call number mistakenly, contact your local phone company immediately. They may be able to remove the charge from your bill.

For More Information

For free information about your credit rights or '900' numbers, contact the FTC for:

✓ **Building a Better Credit Record**

✓ **'900' Numbers: FTC Rule Helps Consumers**

✓ **Credit and Your Consumer Rights**

Contact: FTC, Consumer Response Center, Washington, DC 20580; 202-FTC-HELP (382-4357). TDD 202-326-2502. Or visit us at **www.ftc.gov**. You also may request a copy of **Best Sellers**, which lists all the FTC's consumer and business publications.

If you have problems or questions about 'gold' or 'platinum' cards, contact your local consumer protection agency or state Attorney General's office.

You also may file a complaint with the FTC by contacting the Consumer Response Center by phone: 202-FTC-HELP (382-4357); TDD: 202-326-2502, by mail: Consumer Response Center, Federal Trade Commission, Washington, DC 20580, or by e-mail: use the complaint form at www.ftc.gov. Although the Commission cannot resolve individual disputes, the information you provide may indicate a pattern of possible law violations requiring action by the Commission.